

Delegated decision report

DECISION UNDER DELEGATED POWERS

DECISION CANNOT BE TAKEN BEFORE WEDNESDAY, 6 JUNE 2012

Title	PROPOSED SALE OF ST JAMES HALL, FALCON ROAD, EAST COWES
Report of	DEPUTY LEADER AND CABINET MEMBER FOR THE ECONOMY AND THE ENVIRONMENT

EXECUTIVE SUMMARY

1. To approve the disposal of the council's interest in the freehold of St James Hall, East Cowes, for the sum of £120,000 – the highest bid received as a result of the current marketing exercise.
2. The outcome will be a capital receipt from this disposal towards the annual capital receipts target as set out in the council's medium term financial plan and in accordance with the council's strategic asset management plan.

BACKGROUND

3. St James Hall is a detached property, active as a mission room since 1894 but more recently used as a community hall. The property is on the Local List of buildings of historical and architectural merit.
4. In 2010 Leisure Services took a decision to cease using the building as a community hall, and all previous hirers of the hall were found alternative local accommodation. In light of this, the building was declared surplus to requirements and approved for disposal with the intention of contributing towards the capital receipts target for the 2010/11 financial year.
5. Valuation and marketing advice was sought from three agents in August 2010. All of the agents commented that the most valuable future use of the building would be for demolition and redevelopment or conversion to residential accommodation. This concurred with the informal advice which had been received from planning officers, that re-use and/or conversion of the existing structure would be the favoured option.
6. The property was originally placed on the market in October 2010 and initial marketing yielded in excess of ten viewings. Most of the potentially interested parties stated that the building would, in their opinion be worth £100-110,000 although none actually put forward an offer. However further marketing did eventually lead to a cash offer of £130,000, conditional upon planning, and an officer decision record was drafted and approved in December 2010 recommending acceptance of this offer.
7. Solicitors were instructed and legal documentation was progressed with this purchaser until May 2011 when that party withdrew its offer without explanation, although this was

believed to be due to a combination of the planning uncertainty with the site and continued instabilities within the property and financial markets.

8. The council then took the decision to apply for change of use to residential purposes and a planning application was subsequently drafted and approved in November 2011. Marketing of the property continued throughout this process but little further interest was received.
9. A decision was taken in February 2012 to re-vitalise the marketing of the property by changing agents. Fresh valuation and marketing advice was sought and the property was then placed back on the market with different agents in late February 2012 at an asking price of £120,000.
10. This new marketing has had the effect of generating renewed interest and offers in the property. Two offers have been received at £100,000 and £120,000. Both are from potential purchasers with the funds proven to be readily available. However, the party which offered £100,000 is unwilling to increase further.
11. As the £120,000 offer is from applicants with the funds readily available, the agents have recommended it for acceptance.

REASONS FOR URGENCY

12. A disposal of this property has previously fallen through and the reason for this decision to be taken urgently is to ensure, in the current weak market, that the council does not lose the proposed purchaser and a capital receipt of £120,000.
13. As this proposed decision did not appear on the Forward Plan, the Chair of the Overview and Scrutiny Committee has been briefed on this report about the reasons for urgency and she has agreed that the report can be submitted for an urgent decision.

STRATEGIC CONTEXT

14. In December 2010 the council's cabinet agreed the future shape and direction for the organisation of which one of the key principles was "the council will actively seek to sell or dispose of assets that are surplus to requirements where practicable to maximise capital receipts, or lease them where it is not."
15. The disposal of council assets contributes towards a number of the council's key corporate objectives, as detailed in the Corporate Plan for 2011-2013.
 - Delivery of budget savings through changed service provision: Delivering services in different ways will allow the release of council buildings, thereby creating significant savings of accommodation and maintenance costs, as well as generating capital receipts.
 - Housing and Homelessness: The redevelopment of surplus assets for residential use where possible will increase the number and quality of houses provided on the Isle of Wight, including the delivery of more affordable housing where possible.
 - Regeneration and the Economy: Seeking the best quality use of surplus/disused property assets will ensure high quality regeneration opportunities are realised. The council can impact this through its property disposal strategy and by joint working with adjoining landowners to enable regeneration opportunities which might not otherwise be realised.

16. The disposal is identified in the 2011 strategic asset management plan.
17. If this property is disposed of it will release a capital receipt into the council's corporate account as part of the annual capital receipts target.

CONSULTATION

18. Consultation has taken place with the local member as well as officers within Planning, Finance, Legal and Risk Management, The Director of Resources and the Deputy Director of Economic Development. Any further comments received will be considered when this delegated decision is taken by the cabinet member.

FINANCIAL / BUDGET IMPLICATIONS

19. The council is currently liable for all outgoings in respect of the vacant property such as business rates and insurance plus any ongoing maintenance liabilities. It is therefore in the council's best interest to dispose of the property as soon as possible. To mitigate against such outgoings, the council had applied for empty rates relief, however, this rates relief period has now expired. Any revenue budget savings arising from disposal of this property will contribute to the council's savings target for accommodation costs.
20. If the recommendation made within this report is adopted the council will benefit from a capital receipt in the sum of £120,000.

LEGAL IMPLICATIONS

21. The council currently holds the property on a freehold basis with unencumbered title.
22. If the property is sold, then once a sale has been completed, the council will have no further interest in the property.
23. The council has the ability to dispose of property under Section 123 of the Local Government Act 1972 for best consideration.

CARBON EMISSIONS

24. There are no direct implications for the council's carbon management plan arising from the recommendations in this paper, as the property has been vacant for some time and has not used any energy or water for two years. In light of this there are no energy savings to be achieved. If the site is developed as intended there would be an increase in the Island's overall carbon footprint.

PROPERTY IMPLICATIONS

25. It is considered that property implications are adequately covered within the main body of this report.

EQUALITY AND DIVERSITY

26. The council as a public body is subject to general and specific duties under equality and diversity legislation and as such has a duty to impact assess its service, policies/strategies and decisions with regards to diversity legislation and the nine "protected characteristics (race, gender reassignment, disability, age, sex and sexual orientation, religion or belief, pregnancy and maternity, marriage and civil partnership).

27. It is understood that the previous occupiers of the property were able to find suitable alternative accommodation before the hire agreements were terminated, thus ensuring any impact was minimised. Since then the property has been vacant for approximately two years.
28. An initial equality impact assessment has been undertaken. Both the assessment and this report consider that none of the identified groups are likely to be adversely affected by this decision

SECTION 17 CRIME AND DISORDER ACT 1998

29. There are not believed to be any specific crime and disorder issues, other than vacant properties can be prone to vandalism and it is therefore in the council's interests to dispose of the building as soon as possible.

OPTIONS

30. Options have been considered in respect of this property as follows:
- (a) To sell the property as detailed above and accept the offer of £120,000.
 - (b) To continue to market the property for a longer period in the hope of achieving a higher capital receipt.
 - (c) To retain ownership of the property, carry out any necessary repairs and use the building for council purposes.
 - (d) To retain ownership of the property, carry out necessary repairs and improvements, and let to a private occupier.

RISK MANAGEMENT

31. Option (a) represents limited risk to the council as it has followed a robust marketing route that has included research into the funding method/ability of the proposed purchaser.
32. Option (b) comprises a high risk as the existing applicant may withdraw. Also, due to the level of exposure to the market, it is unlikely that a better offer may be received. Indeed the major risk of this course of action would be that a lower offer ultimately has to be agreed, particularly in light of the potential for continued falls in the property market.
33. Under option (c) retaining the property for further corporate use is not advisable due to the layout and condition of the building and the fact that there is no identifiable council use for the building.
34. Option (d) would leave the council with on-going property management liabilities. In addition, if the council was to pursue this route it is difficult to predict exactly what alternative uses would be demanded by the market and what works would be required to enable such use, with a medium to high risk of opting for a use with limited or no demand.

EVALUATION

35. The availability of the property has been marketed widely; however, this marketing has coincided with a time of continued uncertainty within the property markets. Whilst several

applicants have viewed the property, the agents consider it unlikely that a higher offer will be received and, therefore, option (b) is not recommended.

36. Even if a corporate use could be identified, Option (c) would involve the council in considerable work and cost to meet the current backlog of repairs to the property and potentially achieve compliance with Disability Discrimination Act requirements.
37. One of the principal property objectives is “the council will actively seek to sell or dispose of assets that are surplus to requirements where practicable to maximise capital receipts, or lease them where it is not.” Where properties are no longer fit for purpose it makes sense for them to be disposed of in accordance with this objective. Retaining the property for further corporate use does not meet this objective.
38. Option (d) would fail to achieve a capital receipt, would have ongoing revenue cost implications and necessitate some level of landlord management input.
39. In light of continued uncertainty across the property market and the continuing uncertain economic climate, it is considered that option (a) is the recommended disposal path.

RECOMMENDATION

40. That the council adopts:

Option (a) - To sell the property as detailed above and accept the offer of £120,000

APPENDICES ATTACHED

41. [APPENDIX](#) - Site plan

BACKGROUND PAPERS

42. Previous Officer Delegated Decision

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STUART LOVE
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COUNCILLOR GEORGE BROWN
Deputy Leader and Cabinet Member for The
Economy and Environment

Decision

Signed

Date
